





# A Cut Above

WORLD-CLASS HR ORGANIZATIONS OUTPERFORM AT LOWER COSTS – HOW ARE THEY DOING IT?

By Heather Hudson

**W**hat kind of department requires 32 per cent fewer full-time employees, delivers services at a 23 per cent lower cost and outperforms their peer group by up to \$10 million in cost savings for a typical large company?

The world-class HR organization.

That's according to research from The Hackett Group Inc., a strategic business advisory and operations improvement consulting firm.

"World-class HR organizations show an unrelenting commitment to operational excellence," said Harry Osle, The Hackett Group's global HR transformation and advisory practice leader.

Osle says a well-designed service delivery model (SDM) focusing on operational excellence is one key to how world-class HR organizations are more agile and operate with a better understanding of business needs. They also turn to HR metrics and analytics to provide better data on the company's human capital and more effectively quantify the value HR brings to the enterprise.

He points out that, by contrast, half of all typical HR organizations do not even measure the result of change initiatives or produce any type of functional scorecard.

"They understand the importance of process optimization and the strategic use of shared services," he said. "They focus intensely on talent management and have a clearer understanding of what skills need to be developed or acquired for their business to succeed. And they use analytics to derive superior business insights from HR data and information, which helps earn them a 'seat at the table' with senior leadership."

One HR organization that turned the heads of The Hackett Group researchers is Canadian juggernaut Rogers Communications. Anne Berend, senior vice-president, Human Resources, Consumer, Customer Experience, Brand and Corporate, says that one of the keys to its success lies in the way it's organized.

"Every senior team has an HR executive embedded in it," she said. "There's a strong business acumen, which we've worked hard to build in the HR business partner community. And our HR strategy is simple and focused on driving improved business performance. I've been [at Rogers] for three years and it's got to be the most exciting place to work in HR."

According to the research, what really sets apart the world-class organizations from their peers is a focus on three core areas.

## UNRELENTING FOCUS ON OPERATIONAL EXCELLENCE

While components like HR business partners, a common technology platform, shared services, project management offices and centres of excellence tend to be present in world-class organizations, it's the right leadership that sets the tone when it comes to operational excellence.

"You have to have a leader who's committed to proving to the rest of the executive suite that HR is a critical enabler for everything else in the organization," said Osle.

Berend says that's certainly her experience at Rogers. When Guy Laurence joined as president and chief executive officer in 2013, a new energy was infused into the HR organization.

"He declared that every employee would have an accountability template: one page that would capture the accountability of each and every one of us. He did that thinking about operational excellence to help call out what each person is responsible for to avoid shadow organizations and duplication of effort and to ensure that we had everything we needed to run the company and win in the marketplace," she said. "If we're going to be nimble, agile and efficient, we all need to understand what everybody does in the organization."

Operational excellence also includes discipline around process design and optimization. World-class organizations typically feature plans like benefits, compensation and training that are less complex than the average organization.

"They don't just take on work for the sake of doing it. They only do it if it fits with what they're trying to address strategically," said Osle.

World-class models also have fewer people, with a ratio of 1:100 HR professionals to associates. Rogers employs a workforce of 29,000. The HR team makes up 260 of them.

World-class HR organizations also focus on operational excellence using things like employee and manager self-service and HR business partners to drive the more strategic aspects of the work.

A telecommunications company like Rogers has no trouble using smart technology to get the job done, but Berend says it's the fact that HR is embedded in the business.

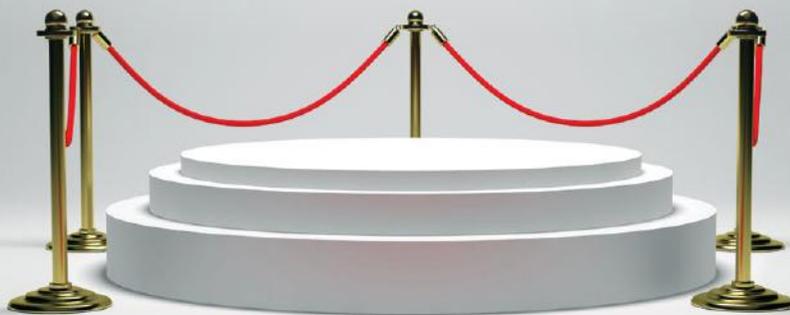
"In addition to having a full suite of enabled self-service technology, we've got more than 100 HR business partners who aren't sitting in a cordoned-off HR area and are with the lines of business," she said. This combination is an effective way of supporting a fast paced business environment.

Another hallmark of the world-class HR organization is constant evolution, which includes consistently reviewing processes and eliminating activities they don't need and don't add to the work included in their strategic plans. They're always looking at integrating technology.

"They don't bring up systems management without integrating it with HRMS," said Osle.

## MANAGING TALENT STRATEGICALLY

Strategic workforce planning is critical to launching the HR organization up to the next level, says Osle. It involves things like solid recruiting processes, defining competencies and developing skill sets, but it's nothing without a robust measurement system.



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“World-class HR organizations make sure their talent management systems include HR analytics,” he said. “It’s key to integrate all of it into the HRMS, which will ensure accurate data on a timely basis and allows you to be very clear about head count, skills and talent, the recruiting pipeline, retirement cycle, turnover and so much more.”

These analytical insights help HR leaders make sound decisions when doing strategic workforce planning. With the right information they can help the organization understand what skills they’ll need two to three years down the road and maintain a good inventory of competencies and skillsets.

At Rogers, a huge focus of HR resources is the talent agenda.

“We want to make sure that we have the right people in the right seats, and that we are building strong leaders and teams,” said Berend.

She says an important distinction here is that the talent process is led by the CEO, not the CHRO.

“It’s important that the CEO piece is the price of entry to great talent process. If the CEO isn’t leading the talent agenda, it’s not

going to do what it needs to do because it won’t get the attention of the line,” she said. “The CEO says this is front and centre for us because if we don’t have great talent, we can’t deliver great business results.”

Laurence is actively involved in head count investment decisions they make to support business strategy, which is something new he’s brought to Rogers.

Another component is a conscious effort to move their “rising top talent” across the organization to build capabilities across all of their business lines. The ultimate goal is to make the company and the HR organization more seamless.

### **ALIGNMENT WITH THE BUSINESS**

HR organizations cannot enhance the performance of the business without working closely with business leaders charged with formulating strategies and drawing up execution plans.

That’s why Rogers’ model of HR business partners “in the field” is once again a strategic win for the company. And they’re not alone: 60 per cent more world-class HR organizations have



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